

## SUMMARY

## PHASED ENVIRONMENTAL REVIEW

Oil and gas leasing is a nondirected action in that the leasing phase does not necessarily mean that exploration, development and production phases will occur or will follow one another in quick succession. When and where drilling will occur is unknown; thus, considerable time may elapse between phases under an oil and gas program. The department thus adopts a phased environmental review for its oil and gas leasing program to allow timely and site-specific evaluation of later exploration, development and production phases. ✓

A preliminary investigation phase can occur prior to the leasing phase. Drilling permits from the Oil and Gas Conservation Committee are required and such permits will only be issued following SEPA compliance.

Following leasing and prior to commencing exploration, development and production activities, the lessee is required to provide a Plan of Operations to the department (WAC 332-18-360). An environmental checklist accompanies the Plan of Operations. Acting as lead agency, the department makes a Determination of Significance or Nonsignificance in accordance with SEPA. If a Determination of Significance is made, an EIS or Supplemental EIS (SEIS) will be required. [W11]

## THE PROPOSED ACTION

The Washington State Board of Natural Resources is considering adopting Goals and Policies and the Commissioner of the Department of Natural Resources is considering adopting the program to carry out these goals and policies for leasing of department-managed lands for oil and gas preliminary investigation and exploratory drilling.

The Department of Natural Resources is authorized to allow oil and gas exploration, development and production on department-managed lands and has been given management responsibilities for these activities. Under the Oil and Gas Leasing Program (OGLP) the department proposes to allow preliminary investigative and exploratory actions for oil and gas purposes on department-managed land. If exploratory drilling under a lease leads to a producing well, it also proposes to allow development and production. The development and production phases shall require an environmental checklist and may require a site-specific supplemental environmental impact statement. ✓

Under the OGLP, the department has the general authority to allow prelease activities, accept or reject lease applications, auction leases, monitor lessee activities and provide information to the public on oil and gas leasing activity. Actual on-the-ground operations are accomplished by the lessee. The department may ultimately condition or deny any or all of the actions through policies, laws, permits and lease conditions. Further, the department may condition or deny any or all of the actions, including leasing, based upon environmental factors.

This Final Programmatic Environmental Impact Statement (((P)))FEIS) forms a baseline for evaluating proposed major actions related to oil and gas activities. The ((proposed)) actions are listed in the order in which they appear in the ((P))FEIS. They are:

- Lands Available for Lease
- Leasing of Aquatic Lands
- Water and Wetland Areas
- Department-Initiated Oil and Gas Lease Applications
- Notification of Oil and Gas Leasing

- Plan of Operations
- Right of Entry
- Seismic Exploration Permits
- Resource Protection
- Road Construction
- Preliminary Investigations
- Seismic Exploration
- Stratigraphic and Exploratory Drilling

The details of the OGLP are contained in the accompanying program document. The reader should reference both documents concurrently to gain a comprehensive description of the program.

## OVERALL MANAGEMENT DIRECTION

The department believes that coordinated planning between management programs can provide income to the state and the trusts from a variety of activities, yet maintain a healthy natural environment for present and future generations.

((During-the-last-year)) In 1984, the department adopted a management plan for department-managed forest lands and issued a proposed policy plan for aquatic lands. Since the Oil and Gas Leasing Program affects both forest and aquatic lands, the goals of their management plans are repeated here. The Oil and Gas Leasing Program goals further define forest and aquatic land management.

### FOREST LAND MANAGEMENT GOALS

Conserve and enhance the natural resources of state forest land.

Provide a sustained yield of timber through intensive forest management.

Integrate the needs of nontimber resources into the management of the timber resource.

Protect from major losses, such as those caused by fires, insects, animals and diseases.

Provide financial support that balances the level and flow of revenue to the trusts.

Provide for both the short-term and long-term needs of the trusts.

Diversify management practices to moderate economic risks.

Anticipate and respond to market opportunities.

Provide social and economic benefits.

Provide for multiple use on forest land.

Contribute to the viability of the forest products industry.

Contribute to state energy production.

### AQUATIC LAND MANAGEMENT GOALS

Conserve and enhance aquatic lands and associated resources.

Meet or exceed environmental quality standards.

Maintain or improve the productivity and usefulness of aquatic lands.

Provide high quality habitat for wildlife on state aquatic lands.

Provide social and economic benefits.

Promote access to and recreational use of state aquatic lands.

Encourage water dependent uses.

Promote the production on a continuing basis of renewable resources.

Allow suitable state aquatic lands to be used for energy and mineral production.

Generate income from use of aquatic lands.

## **OIL AND GAS LEASING PROGRAM GOALS**

### **✓ Conserve and enhance the natural resources of state lands. [W1]**

Integrate oil and gas resource management with the management of other state land resources.

Protect from and reduce or eliminate losses caused by erosion, pollution of ground and surface waters and disruption of wildlife habitats.

### **✓ Provide financial support.**

Provide a financial yield from oil and gas activities through lawful land management.

Provide for both the short-term and long-term needs of the trusts and the public.

Anticipate and respond to varying levels of oil and gas industry activities.

Integrate land uses to moderate economic risks.

### **✓ Provide social and economic benefits.**

Provide for multiple use on state lands.

Contribute to the potential of the oil and gas industry.

Contribute to state energy production potential.

## POLICIES

Most department policies and procedures for the Oil and Gas Leasing Program are required by statute -- some developed by other agencies or committees. Those policies will be listed and the governing statute stated. Others, although required by statute, give the department the latitude to do more than the law requires. In those cases alternatives will be discussed.

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### LANDS AVAILABLE FOR LEASE

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#### Proposed Action: [W11]

All department-managed lands are available for oil and gas leasing, exploration, development and production unless prohibited or restricted by law, regulation or Commissioner's order.

#### Alternatives:

1. Department-managed lands will not be leased for oil and gas activities.  
(No Action)
2. Department-managed lands will be placed in one of three categories after an application is received. Oil and gas leasing will be based on each tract's category. The categories are:
  - Category I. Lands Available for Normal Leasing -- Tracts on which no significant environmental impacts will occur.
  - Category II. Land Available for Restricted Leasing -- Tracts on which there is a potential for significant environmental impact.
  - Category III. Lands Withheld from Leasing -- Tracts in this category will be withheld from leasing until an EIS has been completed and appropriate mitigation measures determined.
3. Department-managed lands will be placed in one of two categories. Oil and gas leasing will be based on each tract's category. The categories are:
  - Category I. Lands Available for Normal Leasing -- Leases will be issued with site-specific conditions.
  - Category II. Lands Withheld from Leasing -- Tracts in this category will be withheld from leasing until an EIS has been completed and appropriate mitigation measures determined.

## Discussion:

In June of 1983, the department began review of its oil and gas leasing program to answer concerns about environmental impacts. At that time it was proposed to develop a "category" system and classify lands at the time of application. The department selected a "three-category" system (Alternative 2) based on degree of sensitivity. A "two-category" system (Alternative 3) was also considered and rejected as not differing enough from the previous leasing practice to justify the added administrative expense.

Alternative 1, the no-action alternative, negates the trust mandate and therefore is not a viable alternative.

The three-category system (Alternative 2) is being used by the department until review and adoption of this PEIS are completed. Its continued use is hampered because the definitions used are difficult to apply consistently to lands across the entire state. Alternative 3 has the same difficulty.

The proposed action allows an interested party to apply to lease any department-managed land (with the stated exception). However, allowing leasing of an area does not mean that activities will occur. In fact, more often than not, lands are leased and no activity occurs beyond some preliminary investigation using existing roads. Any proposed activities requiring a Plan of Operations or an Oil and Gas permit issued by the Oil and Gas Conservation Committee must have an applicant-developed environmental checklist and Plan of Operations approved and the required permit before work begins. *See three-category determination.*

The proposed action provides for environmental protection but allows the department the flexibility to adjust to changing conditions. The SEPA process (which could include supplemental environmental impact statements), Natural Heritage Program and OAHF recommendations must be followed.

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## LEASING OF AQUATIC LANDS

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### Proposed Action:

The department is currently withholding department-managed marine and estuarine aquatic lands from lease. These include lands under the Pacific Ocean out to three miles, Puget Sound, the Strait of Juan de Fuca, the Strait of Georgia, Grays Harbor, Willapa Bay, and the Columbia River upstream to Puget Island. A future decision to allow leasing and exploratory drilling will be made only after completion of a future Environmental Impact Statement and a determination by the Commissioner of Public Lands that the activity would be in the public interest. Surface drilling is prohibited by law in and within 1,000 feet of Puget Sound and the Strait of Juan de Fuca (RCW 90.58.160).



**Alternative:**

There are no alternatives that would further reduce environmental impacts and still comply with the department's proposed Aquatic Land Policy Plan goal to "Allow suitable state aquatic lands to be used for energy and mineral production".

**Discussion:**

No discussion is needed since any alternative would have greater environmental impact.

**Proposed Action:**

The department will permit oil and gas leasing of department-managed lands under fresh water. Surface drilling is prohibited on these lands. Directional drilling is permitted beyond 200 feet of the ordinary high water mark and as otherwise permitted by law. ✓

**Alternative:**

Leasing of department-managed lands under fresh water will be prohibited.  
(No Action)

**Discussion:**

The no-action alternative is needlessly restrictive and removes many areas of the state from potential production. Prohibiting surface drilling and imposing limitations on directional drilling (the proposed action) will provide protection from adverse impacts but still allow production.

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**WATER AND WETLAND AREAS**

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**Proposed Action:**

Oil and gas seismic surveys, drilling, development and production will be prohibited within 200 feet of any Type 1, 2, 3, or 4 waters and wetlands of the state (WAC 222-16-020, -030 and WAC 344-12-040).

**Alternatives:**

1. Oil and gas seismic surveys, drilling, development and production will be prohibited within 100 feet of any Type 1 and 2 and 50 feet of any Type 3 and 4 waters and wetlands of the state.
2. Oil and gas activities near, under or on any water or wetlands of the state will be unrestricted unless otherwise restricted by law.

### Discussion:

Of the alternatives, the proposed action provides the best level of environmental protection for riparian areas and habitats. A buffer strip of 200 feet reduces the possibility of serious pollution and sedimentation problems due to oil and gas activities adjacent to water bodies and riparian zones. The 200 feet is consistent with the definition of "Wetlands," or "Wetland Areas" (WAC 344-12-040.)

Alternative 1 provides a measure of protection to water and wetland areas. The use of the distance limitation -- 100 feet in Type 1 and 2 and 50 feet in Type 3 and 4 waters and wetlands could cause confusion in administration and enforcement due to the need to identify the water type before operations may begin. The reduced distances do not, in the opinion of the department, provide a sufficient safety margin in the event of a fuel or chemical spill.

Alternative 2 provides unsatisfactory protection to water and wetland areas since current laws concentrate on tidal waters.

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## DEPARTMENT-INITIATED OIL AND GAS LEASE APPLICATIONS

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### Proposed Action:

The department may initiate oil and gas lease applications in the name of the state when it appears the state may benefit.

### Alternatives:

1. The department will not initiate oil and gas lease applications. (No Action)
2. The department will initiate oil and gas lease applications in areas considered geologically favorable.

### Discussion:

Under the proposed action such leases offered would still be subject to the same evaluation considerations and conditions as a lease applied for by any other person. In the event no bid was submitted the lease would not be granted.

Alternative 1 removes the possibility of blocking up areas or initiating consideration of lands potentially favorable for oil and gas production.

Alternative 2 would allow the department to initiate oil and gas lease applications only when favorable geologic formations have been located. Such a role would require the department to take a much more active role in investigation and exploration.

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## NOTIFICATION OF OIL AND GAS LEASING

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### Proposed Action:

Written ((N))notification of impending oil and gas leasing will be provided by the department to surface owners of record upon acceptance of oil and gas lease applications in the following situations:

- Severed mineral rights (surface rights have been relinquished by the state) and
- Surface leased by other public agencies. [W1]

### Alternatives:

1. Notification of impending oil and gas leasing will be provided by the department to surface owners of record upon receipt of oil and gas lease applications in the following situations:
  - Severed mineral rights (surface rights have been relinquished by the state) and
  - Surface leased by other public agencies.
2. Notification of impending oil and gas leasing will be provided by the department to surface owners of record when surface operations begin in the following situations:
  - Severed mineral rights (surface rights have been relinquished by the state) and
  - Surface leased by other public agencies.

### Discussion:

The proposed action provides notification in a timely manner without creating needless paper work and concern.

Notification upon receipt of the application (Alternative 1) is too early in the process to serve any useful purpose. Many applications are rejected because of obvious environmental or operational problems. An additional round of notification would be needed to inform owners of record that the application was rejected.

On the other hand, waiting to do the notification until surface operations begin (Alternative 2) takes away the public's opportunity to be involved in early environmental analysis. Owners of record are often aware of sensitivities not identified by the department.

Once the department determined when the notification should occur, the question of whom to notify surfaced. Another set of alternatives was developed.

Restating the proposed action:

Notification of impending oil and gas leasing will be provided by the department to surface owners of record upon acceptance of oil and gas lease applications in the following situations:

- Severed mineral rights (surface rights have been relinquished by the state) and
- Surface leased by other public agencies.

Alternatives:

1. Only other state agencies owning or leasing surface rights will be notified of impending oil and gas leasing upon receipt of oil and gas lease application. (WAC 332-12-265.) (No Action)
2. Notification of impending oil and gas leasing will be provided to all surface owners of record upon receipt of oil and gas lease applications.
3. Notification of impending oil and gas leasing will be provided to surface owners of record and existing surface users of record.

Discussion:

The proposed action provides notification to those least likely to be initially informed by other means. Landowners and leaseholders are notified prior to entry. Alternative 1 overlooks others with an interest in the program's activities. Alternative 2 limits notification to surface owners. Alternative 3 is not possible within a reasonable time because of the research needed to determine the current owners and users.

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PLAN OF OPERATIONS

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Proposed Action:

A Plan of Operations describing intended activities and measures to mitigate environmental impacts must be submitted to and approved by the department prior to entry and initiation of surface operations. The Plan of Operations must be approved before permits will be issued by the department or the Oil and Gas Conservation Committee.

Alternative:

The proposed action is required by WAC 332-12-360. Alternatives that go beyond the proposed action would not increase environmental protection.

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RIGHT OF ENTRY

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Proposed Action:

An operator must obtain a Right of Entry permit from the appropriate ((DNR)) department Area ((9)) office to conduct surveys on department-managed land. The operator must also contact the appropriate department Area office prior to entry upon the land.

A Right of Entry permit is not required to conduct surveys on department-managed land under an oil and gas lease provided the lessee of such land is contracting for or conducting the survey.

Alternative:

A no-action alternative would ignore the rights of surface lessees and surface owners of record and is thus considered unreasonable.

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SEISMIC EXPLORATION PERMITS

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Proposed Action:

Shot-hole seismic exploration requires a permit issued by the Oil and Gas Conservation Committee (WAC 344-12-050).

Alternatives:

1. The proposed action is required by WAC 344-12-050, thus a no permit (no action) alternative is not viable.
2. A lease will be required to conduct seismic exploration.

## Discussion:

To obtain the permit required by WAC 344-12-050 the operator must submit a completed environmental checklist. The permitting process ensures early identification of possible areas of concern and incorporation of appropriate mitigation measures in the operator's Plan of Operations.

Alternative 2 would require a lease for seismic exploration. A lease does not add any environmental protection measures not required by the Oil and Gas Conservation Committee for the permit. This option would mean that completion of short-term exploratory activities could be delayed until an oil and gas auction was held.

The proposed action allows exploration of potential oil and gas producing areas without needless delays and expense while still providing necessary environmental protection measures.

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## RESOURCE PROTECTION<sup>1</sup>

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### PLANTS AND ANIMALS

#### Proposed Action:

Avoid impacts on plant and animal species considered endangered in Washington. Within trust management obligations, avoid impacts on species considered threatened, and consider avoiding or lessening impacts on species considered sensitive.

#### Alternatives:

1. Provide only the protection for endangered, threatened and sensitive species that federal law requires; or
2. Avoid impacts to all endangered, threatened and sensitive species.

#### Discussion:

The proposed protection will help prevent extinction or extirpation of endangered species. Considering sensitive species during the oil and gas leasing process protects many habitats or populations that might otherwise be lost because of the operator's or lessee's lack of information.

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<sup>1</sup> These policies and alternatives parallel those adopted by the Board of Natural Resources for the Forest Land Management Program.

Protection provided by federal law (Alternative 1) is very limited. At present, no plants and few animals that might live on department-managed land are listed on federal lists as endangered or threatened.

A program based on avoiding impacts on all endangered, threatened and sensitive species (Alternative 2) would prevent additional species from becoming endangered and would enhance plant and animal diversity, but it would be costly. Inventory and data gathering would have to be stepped up dramatically.

It is possible that no oil and gas activity could take place until an intensive on-site survey was done. The land use restrictions imposed by this option may not be warranted, since only ~~((one))~~ three endangered and seven threatened plant species and two endangered animal species on Washington state lists are found on department-managed land as of ~~((October, 1984))~~ January 1985.

### NATURAL AREA PRESERVES AND THE REGISTRY PROGRAM

#### Proposed Action:

Preserve plant and animal diversity by designating certain parcels of state land under the Registry Program and in Natural Area Preserves.

#### Alternatives:

1. Do not use the Registry Program (No Action)
2. Encourage but do not require use of the Registry Program.

#### Discussion:

The Registry Program provides the department with a method of keeping track of the location of sensitive sites. The location of oil and gas leasing activities can often be adjusted if the area needing special care has been identified.

The alternatives of not using or requiring the use of the Registry Program could cause accidental losses of biologically significant sites.

### CULTURAL RESOURCES

Cultural resources are archaeological or historical sites such as the Indian pits and cairns on department-managed land near Stevenson.

Proposed Action:

Administer the Oil and Gas Leasing Program in a manner that identifies and protects cultural resources.

Alternative:

Make no special effort to identify or protect cultural resources. (No Action)

Discussion:

The proposed action will supplement the capabilities of the Office of Archaeological and Historic Preservation (OAHP) which will reduce the risk of accidental damage or destruction of cultural resources. Methods to identify and protect them will be part of the oil and gas leasing process. Department managers, because of additional training and knowledge, will be able to adjust proposed activities, avoiding needless damage.

The alternative makes no special effort to identify or manage cultural resources. Instead, it relies entirely on OAHP for identification and management direction. Since OAHP is understaffed and underfunded, this would reduce the department's ability to protect cultural resources.

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ROAD CONSTRUCTION

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Proposed Action:

All roads constructed for conducting examinations, drilling, development and production activities on premises leased for oil and gas purposes shall ((empty with)) meet or exceed Road Construction and Maintenance Standards as specified by the Forest Practices Board (Chapter 222-24 WAC). [W1, W5]

Alternative:

All roads constructed for conducting examinations, drilling, development and production activities on premises leased for oil and gas purposes will conform to those standards approved and specified by the department. (WAC 332-12-460.) (No Action)

Discussion:

Nothing in the proposed policy denies the department the option of prohibiting road construction on certain sites. The proposed action provides a successful



method already in place to control environmental impacts of road construction. It assures unbiased assessment of operator performance. The preferred option also would provide access roads acceptable for other management purposes, possibly reducing future construction impacts and costs.

The alternative is silent about who establishes the standards and if they will be developed for the entire Oil and Gas Leasing Program or on a case-by-case basis. The criteria to be used to establish standards are not stated. Preventing environmental damage is not a clear mandate of this option. Further construction and improvements may be necessary to allow other uses of these roads.

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## PRELIMINARY INVESTIGATIONS

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### Proposed Action:

Preliminary investigations on department-managed lands will be allowed with a Right of Entry permit. Site-specific conditions may dictate certain restrictions.

Some preliminary investigations will be prohibited on water and wetland areas.

### Alternative:

Preliminary investigations will be prohibited on all department-managed lands.  
(No Action)

### Discussion:

The proposed action requires a Right of Entry permit which includes an environmental checklist and subsequent SEPA compliance. The permit and Plan of Operations will stipulate protective and mitigative measures as needed for site conditions.

The alternative could preclude certain investigative actions on sites where no environmental damage would occur, thus reducing the opportunities to discover potential commercial quantities of oil and gas. This would be inconsistent with the goal adopted by the Board of Natural Resources for the Forest Land Management Program to contribute to state energy production. It is also inconsistent with the proposed goal of the Aquatic Land Policy Plan to allow suitable state aquatic lands to be used for energy and mineral production.

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## SEISMIC EXPLORATION

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### Proposed Action:

Normally, all seismic exploration methods will be allowed on department-managed lands. However, site-specific conditions may preclude the use of certain methods entirely or limit or modify their use.

### Alternative:

All seismic exploration methods will be prohibited. (No Action)

### Discussion:

The proposed action is permissive only to the point that restrictions against seismic exploration will be made on a site-specific basis. A Right of Entry permit is required. A SEPA environmental checklist for explosive seismic exploration is requisite to the Right of Entry and subsequent SEPA compliance is required. The required Plan of Operations may propose mitigative combinations of seismic exploration methods.

Since some seismic methods would impact certain areas less than others, eliminating all seismic methods regardless of impact is too harsh.

It could also curtail or preclude an opportunity to discover oil and gas on department-managed lands. Therefore, the no-action alternative is considered inconsistent with the goals and policies of the department.

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## STRATIGRAPHIC AND EXPLORATORY DRILLING

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### Proposed Action:

Oil and gas stratigraphic and exploratory drilling will be allowed on department-managed lands under the following conditions:

- A valid lease is required and
- The lessee must submit a Plan of Operations for approval by the Oil and Gas Conservation Committee and the department prior to commencement of drilling and obtain a drilling permit. (WAC 332-12-360 and 344-12-050.) [W1]

### Alternatives:

1. Prohibit oil and gas stratigraphic and exploratory drilling on department-managed lands (No Action).
2. Allow stratigraphic drilling but prohibit exploratory drilling on department-managed lands.
3. Restrict stratigraphic and exploratory drilling to certain geographic areas.
4. Restrict exploratory drilling to certain geographic areas.

### Discussion:

✓ Submission of an environmental checklist and a Plan of Operations for department approval prior to issuing a drilling permit will ensure that an environmental analysis of the site has been made.

Alternatives 1 and 2 are contrary to the department's proposed Oil and Gas Leasing Program goals and the trust mandate. Prohibiting drilling would also render meaningless oil and gas exploration techniques allowed up to the drilling phases. If exploratory drilling were prohibited, industry would have no incentive to conduct any other exploration, thus virtually eliminating future production of oil and gas in Washington.

The department could restrict either or both stratigraphic and exploratory drilling to certain geographical locations (Alternatives 3 and 4), such as southeastern Washington. ~~((These alternatives would call for making a judgment about the relative importance of environmental impacts.))~~

This action would remove areas of possible oil and gas potential from further testing and evaluation, and would be contrary to Oil and Gas Leasing Program goals and trust mandate. [W18]